

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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9-15-16
04:59 PM

Application of Pacific Gas and Electric Company for Approval of the Retirement of Diablo Canyon Power Plant, Implementation of the Joint Proposal, And Recovery of Associated Costs Through Proposed Ratemaking Mechanisms (U 39E).

A.16-08-006
(Filed August 11, 2016)

**JOINT PROTEST OF
CENTRAL COAST WAVE ENERGY HUB AND
FRIENDS OF WILD CHERRY CANYON**

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September 15, 2016

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OF THE STATE OF CALIFORNIA**

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In accordance with Rule 2.6 of the Commission's Rules of Practice and Procedure, the Central Coast Wave Energy Hub and Friends of Wild Cherry Canyon hereby submit this joint protest to the above-captioned application of Pacific Gas and Electric Company ("PG&E") to retire the Diablo Canyon Power Plant ("Diablo Canyon").

I. INTRODUCTION

Diablo Canyon sits on a 1,000-acre coastal property in San Luis Obispo County, with the power plant and support facilities occupying approximately 12 acres of the site. PG&E also owns approximately 12,000 acres of bucolic and pristine wild lands surrounding Diablo Canyon, including the 2,400-acre Wild Cherry Canyon property. Together these 12,000 acres are known as the Diablo Canyon Lands. The Central Coast Wave Energy Hub and Friends of Wild Cherry Canyon have joined forces to ensure that the Commission's review of PG&E's application includes consideration of the benefits of repurposing PG&E's Diablo Canyon assets, including the Diablo Canyon

lands, in a manner that provides significant and cost-effective economic, employment and recreational benefits to the local community while simultaneously advancing the goal of ultimately replacing Diablo Canyon with other carbon-free resources.

II. THE CENTRAL COAST WAVE ENERGY HUB

The Central Coast Wave Energy Hub is part of the California Innovation Hub (“iHub”) program. The iHub program, which is coordinated by the Innovation and Entrepreneurship unit of the Governor’s Office of Business and Economic Development (“GO-Biz”), was established to:

- Leverage California’s national and international market-share in human and investment capital as a global destination for leadership in innovation opportunities;
- Provide a platform for the transfer of ideas discovered in nationally recognized laboratories and universities to private industry for the enhancement of an existing product or the creation of a new start up enterprise;
- Provide advantages to Californian firms through the introduction of new technologies, processes, and research and development solutions into their existing business practices;
- Provide conduit assistance for the interaction of existing government-owned assets (federal and state), facilities and operations with venture-supported startup companies for the testing and evaluation of products in development; and

- Facilitate a linkage for the inducement of investment funding to an inventor towards the commercialization of concepts into products so that the eventual production occurs within the California economy.

The Central Coast Wave Energy Hub was formed in July 2016 as an extension of the existing Innovation Hub for Defense, Energy and Aerospace (“iDEA Hub”). The iDEA Hub is a collaborative effort to foster entrepreneurship and job creation by enabling start-up businesses in Southern California from Kern County down the coast to San Diego County. The iDEA Hub’s main goals are to facilitate partnerships between government, industry and academia; leverage existing assets among iDEA Hub participants to create new business opportunities; and create well-paying jobs in the iDEA Hub regions to attract and retain graduating students, beginning and journeyman technologists, engineers and business executives. To those ends, the iDEA Hub’s partners:

- Host networking events to act as catalysts for idea exchange, collaboration, and knowledge sharing across the defense, energy and aerospace industries;
- Assist in the formation of new businesses and aid in their successful development;
- Position iDEA Hub business communities to take advantage of technology development and commercialization through collaborations that will be generated by iHub partners, universities, federal labs, government and existing local businesses;

- Create training and experiential learning opportunities in the areas of technology development through student internships that complement iDEA Hub partners' workforce development programs; and
- Provide educational and training opportunities for the future STEM (Science, Technology, Engineering and Mathematics) workforce.

The Central Coast Wave Energy Hub was formed to aid the Central Coast by helping to further establish and reinforce the region's innovation ecosystem and, in turn, help to accelerate the commercialization process of applied research and development. The Central Coast Wave Energy Hub will also provide an economic development mechanism that will help to attract state, federal, and private investment into the Central Coast's marine renewable energy, desalination, and cybersecurity sectors. These three sectors represent local and global challenges and are currently high priority investments at the state, federal and private levels.

The Central Coast Wave Energy Hub's immediate focus is to act in a leadership role within the iDEA Hub in matters pertaining to two pressing issues and opportunities. The first is the opportunity to provide leadership in the rapidly growing area of marine renewables. During the last three years, the U.S. Department of Energy ("DOE") has funded two grants to explore the feasibility of building a national wave energy test facility on the Central Coast of California. Similarly, the Bureau of Ocean Energy Management is supporting research to analyze the potential for marine renewables here along the Central Coast. These research activities are currently being conducted at Cal Poly, San Luis Obispo. Furthermore, on July 21, 2016, the DOE announced its intent to

provide a \$40 million grant to build a national wave energy test facility on the West Coast. California may be selected to host this test facility.

The Central Coast Wave Energy Hub strengthens California's leadership in marine renewables and zero-carbon energy generation by serving as a nexus to attract research, expertise, and future investment in the field of marine renewable energy in California.¹ California's goal of increasing its reliance on renewable energy will be advanced if this 'next-generation' of marine renewable energy is afforded the opportunity to undergo the research and development required to become another component in the state's renewable energy portfolio.

The second is PG&E's June 21, 2016 announcement of its plan to retire Diablo Canyon and replace it with carbon-free resources (primarily renewable energy and energy efficiency) over the coming decade and beyond. The Central Coast Wave Energy Hub will provide input and stakeholder coordination in the ongoing planning process for the replacement of Diablo Canyon, in stimulating the formation of local jobs on the Central Coast, and in the Commission's decisions affecting the disposition of PG&E's Diablo Canyon facilities and properties.

¹ Marine renewables present one of the best opportunities to develop new sources of renewable energy and has unique characteristics that make it highly attractive for enhanced grid stability as California moves to integrate higher levels of renewable power. Cal Poly-San Luis Obispo's Institute for Advanced Technology and Public Policy is currently involved in DOE-funded research to assess the feasibility of locating a national wave energy test facility off of the coast of Vandenberg Air Force Base. This facility will provide a testing and demonstration site for wave energy conversion technology inventors to prove their products' commercial viability as well as its' environmentally responsible deployment. The facility will also demonstrate that marine renewable energy can be produced at Vandenberg Air Force Base, providing the installation with energy security and resiliency. Marine renewable energy research captures linkages in allied fields of importance to California; specifically, co-located desalination using marine renewable energy may be achievable, and it may also be used to develop and test cybersecurity strategies for cutting edge energy infrastructure, thus demonstrating tangible synergies between marine renewable energy, desalination, and cybersecurity technologies.

III. FRIENDS OF WILD CHERRY CANYON

Friends of Wild Cherry Canyon is an association of San Luis Obispo County residents and visitors dedicated to the preservation of PG&E's Wild Cherry Canyon property and other Diablo Canyon Lands. Friends of Wild Cherry Canyon envisions a future with more open space, outdoor recreation, and wildlife — and development managed in ways that augment rather than detract from the quality of life on the Central Coast.

The Wild Cherry Canyon property is a 2,400-acre parcel of coastal land near Avila Beach, with sweeping scenic views and incredible outdoor recreation possibilities. Wild Cherry Canyon connects with an already preserved parcel known as the Hibberd Preserve that together could increase the size of Montaña de Oro State Park by 5,500 acres, or 65 percent, and help complete the California Coastal Trail through this portion of the Central Coast. As mentioned above, Wild Cherry Canyon is only one part of the 12,000-acre Diablo Canyon Lands, and although PG&E (through its subsidiary Eureka Energy) owns the underlying fee title, long-term leaseholds owned by HomeFed govern most uses of the property. HomeFed has stated that their commercial development plans may be contingent upon PG&E conveying to them the underlying fee title; therefore, PG&E's actions in the near term may determine whether or not these lands undergo the intensive development proposed by HomeFed.

Wild Cherry Canyon has been the subject of intense conservation efforts since 1999, and the diverse members of Friends of Wild Cherry Canyon have consistently supported those efforts along the way. The property has twice been under a purchase contract, first by The Nature Conservancy and later by American Land Conservancy. Although the deal never closed, over \$20 million was raised, pledged or allocated by

many sources, and agreements to purchase both the leasehold interests and the underlying fee title were completed (but not executed).²

Since the failure of the conservation deal, there have been efforts by leaseholder HomeFed to advance an aggressive development proposal for the property. Friends of Wild Cherry Canyon members spoke up against such proposals and the development plans have been stalled, at least temporarily. However, in a recent public document, HomeFed stated that it was in discussions with PG&E to purchase the underlying fee title and that, if those efforts failed, the property may not be developed. And so, the future of Wild Cherry Canyon is not only dependent upon HomeFed's plans for its leasehold interests; PG&E's actions could also affect the land's outcome. In the public hearings recently held by PG&E on the plant closure process, Friends of Wild Cherry Canyon spoke up in favor of conservation of all the Diablo Canyon Lands, including Wild Cherry Canyon.

IV. PROTEST

Although PG&E developed the Joint Proposal in concert with a collection of diverse groups,³ it failed to include discussions with or agreement by local stakeholders

² Funding partners and other official supporters of the conservation deal included the California Department of Parks and Recreation, the California State Coastal Conservancy, the California Wildlife Conservation Board, the California Transportation Commission, the then- State Senator and Assemblyman, all San Luis Obispo County Supervisors, the SLO Council of Governments, Port San Luis Harbor District, Avila Valley Advisory Council, local newspaper The Tribune, the Hind Foundation, the Land Conservancy of San Luis Obispo County, The Nature Conservancy, Central Coast Concerned Mountain Bikers, the Sierra Club, the Native Plant Society, and hundreds of individuals (local and otherwise) who donated cash, in-kind gifts, and volunteer pledges to do trail and other on-the-ground work, and many others.

³ The signatories to the Joint Proposal are PG&E, the Natural Resources Defense Council, Friends of the Earth, Environment California, International Brotherhood of Electrical Workers Local 1245, the Coalition of California Utility Employees, and the Alliance for Nuclear Responsibility.

who will experience significant impacts from the closure of Diablo Canyon. Thus, while the Joint Proposal outlines programs and commitments aimed at mitigating the impact of Diablo Canyon's retirement on the PG&E employees working at the plant and San Luis Obispo County's tax revenues, neither the Joint Proposal nor PG&E's application make any provision for addressing the significant negative impacts to the broader community, particularly with respect to jobs and economic activity. Given that this community has been a good partner with the utility, hosting a controversial facility that has served the electric needs of large areas of the state for many decades, we find that failure deeply troubling, particularly since the type of actions we are advocating (see below) will produce major benefits to the community at a cost to PG&E shareholders and/or ratepayers that is negligible compared to that of the Joint Proposal.

This proceeding presents a one-time opportunity for the Commission to ensure that PG&E acts responsibly to help San Luis Obispo County recover, and even prosper, after the closure of Diablo Canyon. The Central Coast Wave Energy Hub and Friends of Wild Cherry Canyon hope to work collaboratively with PG&E, community leaders, and the Commission to identify actions and opportunities that will mitigate the impacts of Diablo Canyon's closure on the Central Coast community, with a focus on actions that will promote local economic activity not only during the period transitioning up to the plant's closure but also during the critical time-frame afterward, when the community's employment and economic needs will be the most acute. A main focus of this effort will be to identify a subset of PG&E-owned assets that would produce better value to the community and to rate-payers if repurposed in a strategic manner that considers the larger economic-activity needs of the community, which are negatively impacted by the

closure; and the potential of using certain buildings and other assets to stimulate research and activity in the advancement of marine renewables, an important future component to the state's low-carbon electrical generation portfolio.

Such actions and opportunities include:

- **Identifying existing fixed assets (buildings, facilities, etc.) associated with Diablo Canyon that could be “repurposed” to serve a community economic revitalization need once they are no longer needed for the operation of Diablo Canyon.**

Fixed assets with the potential to be repurposed not only include a subset of the complex of office, maintenance, and service buildings at the plant site, but also special-use assets such as marine laboratories, water intake facilities, breakwaters, switchyards and transmission lines. In addition, PG&E owns buildings currently purposed for training, technical support and public communications near the San Luis Obispo County Regional Airport and on Ontario Road. Some of these assets could be repurposed to stimulate research, entrepreneurship, job training, and education; as repurposed, the facilities would become an innovation “anchor” that attracts academic, business, and innovation activities and cooperation between private and public sector organizations on the Central Coast. PG&E employment levels will likely decline over the coming years, such that some of these facilities may experience partial vacancies prior to the plant's closure. Paving the way for potential reuses of these facilities should occur as soon as possible to mitigate job losses and facilitate retraining.

Due to the unique nature of the buildings and other facilities described above, their potential repurposing presents an unparalleled opportunity to provide educational and research space that could be utilized by both private and public entities – examples

include laboratories for marine science research, classroom space for faculty and students participating in various research programs, space and infrastructure to support academic and private-public partnerships pursuing advancements in marine renewable generation, and an education center providing visitor information about the Chumash People and the state's Marine Protection Area program (a significant Chumash site and Point Buchon Marine Protection Area are located nearby).

- **Ensuring the preservation and conservation of PG&E-owned bucolic and wild lands surrounding Diablo Canyon.**

In addition to the repurposing of PG&E's fixed assets, it is important that certain land preservation and conservation efforts be undertaken to ensure a balanced solution that is supported by the broader community. The Diablo Resource Advisory Measure ("DREAM") was an advisory measure passed by County residents (with 75% approval) that sought to direct the use of the Diablo Canyon Lands once the plant ceased operations. During the operating life of Diablo Canyon, these lands have served as a safety buffer between the nuclear plant and the public. Once they are no longer needed as a buffer, they could be repurposed in a number of different ways, some very advantageous to the community and others markedly less so.

These intact and undivided expanses of bucolic and wild lands possess significant value from a scenic, environmental, and recreational perspective in a community highly dependent upon tourism. Rather than the marginal utility of a few large estates or a collection of private homes, the lands would serve a better and higher purpose as a new state park or other public space to meet the ever expanding need in California for outdoor enjoyment, recreation, and communion with nature as well as providing a much-needed boost to the area's tourism economy. Due to their ready

accessibility and the fact that these coastal lands lie directly between Montaña de Oro State Park and Avila Beach, this asset could become a significant attraction to visitors and provide value to the tourist-serving economy on the Central Coast, already one of the area's largest sources of jobs and economic activity.

To allow for this ultimate outcome, the 2,400-acre Wild Cherry Canyon property is in urgent need of immediate action. As previously noted, PG&E's subsidiary owns the fee title to Wild Cherry Canyon. If that fee title is conveyed to HomeFed, the southern-most portion of the Diablo Canyon Lands will be developed in a manner which will significantly degrade and impede the opportunity to create a new state park or other public space when the nearby nuclear power plant is closed. If immediate action is not taken, the opportunity and attendant benefits for this larger state park or other public space mitigation strategy may be lost forever.

- **PG&E's assistance in establishing a dedicated fund for a Central Coast Education and Workforce Training Initiative.**

Local workforce education and training would benefit from a dedicated fund that is competitively awarded to local programs that are designed to help transition the community's workforce to a post-Diablo Canyon economy. This dedicated fund would be administered with the goal of maximizing general career tech training and STEM education programs, as well as opportunities in specialized fields such as cybersecurity (a growing area of expertise at Cal Poly). These programs would be encouraged to optimize connections between K-12, Cuesta College, and Cal Poly, while working closely with the business community to ensure that the training is optimized to the real-world needs of those seeking future employment opportunities here in the Central Coast.

V. CONCLUSION

The Central Coast Wave Energy Hub and the Friends of Wild Cherry Canyon are intervening in this proceeding to ensure PG&E's Diablo Canyon assets that will no longer be needed by the utility after the plant's closure are repurposed or disposed of in a strategic manner that will maximize their potential benefit of the local community. We include in those assets the invaluable Diablo Canyon Lands and miles of pristine coastline adjacent to the plant, with a particular emphasis on the need to immediately preserve Wild Cherry Canyon and the attendant benefits to the local tourism economy, and to ensure that fixed assets, such as buildings and facilities which could provide educational and critical R&D value, are utilized in a manner that mitigates negative employment and economic impacts to the community. These assets should not be dealt with at a later date simply as an afterthought or an exercise in the disposal of surplus property, but should be strategically planned for and incorporated into specific mitigation actions that benefit the community. This approach is reasonable and timely given the impending negative economic impacts to our Central Coast community, which has been a good neighbor to this facility over all these years.

Respectfully submitted,

_____/s/_____
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September 15, 2016